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GAIN Report Number:

Tanzania

Coffee Annual

2015 Coffee Report

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Report Highlights:

FAS Nairobi forecasts that Tanzania's coffee production will increase to a record 1.2 million sixty kilogram bags in the marketing year (MY) 2015/2016 on account of improved husbandry practices and favorable weather. Coffee exports are expected to increase by about twenty percent to 1.2 million bags. The Government of Tanzania (GOT) continues to implement its coffee sector strategic plan whose key objective is to double production by 2021.

Production:

The GOT continues to implement its strategic plan (2011-2021), by supporting coffee production expansion programs that involves increasing productivity in existing farms and facilitating the private sector to develop new farms. According to the plan area under coffee will be increased by at least 10,000 hectares by the year 2021. In the MY 2015/2016, FAS forecasts a record production of 1.2 million bags contributed mainly by production in newly matured farms and the peaking of the biennial coffee production cycle. Erratic weather, due to climate change remains an underlying threat to sustainable coffee production in Tanzania.

Consumption:

Coffee consumption in Tanzania remains at a low of 7% of the total national production. However, like in most of the other East African countries, the coffee culture is slowly taking root, especially in the urban areas, with TCB estimating the annual growth rate at an average of between 1.5 and 2 percent. Growth of consumption is constrained by low purchasing power for the majority of the population, and the entrenched tea drinking culture.

Stocks:

Coffee stocks are held by farmer organizations, traders and exporters. Ending stocks for the MY 2015/2016 are expected to remain at the nearly the MY 2014/2015 level.

Policy:

The Tanzania Coffee Board is currently implementing the Tanzanian Coffee Industry Development Strategy (2011-2021) on behalf of the GOT. The strategy has four key four goals namely:

- Increased productivity; to increase annual coffee production to at least 80,000 tons by year 2016 and 100,000 tons by year 2021.
- Improvement of the in-country marketing and business environment.
- Quality improvement.
- Development of new markets.

Marketing:

Coffee marketing system in Tanzania is liberalized, and comprises of three main channels:

- An internal market that involves direct buying of cherry and parchment coffee from farmers by private buyers, farmer groups and co-operatives.
- Coffee Auctions at Moshi that are conducted weekly on Thursdays.
- Direct exports by farmers, enabling them establish longer term relationships with roasters, exporters, and international buyers.

Production, Supply and Distribution (PSD) Table

Coffee, Green Market Begin Year Tanzania	2013/2014		2014/2015		2015/2016	
	Jul 2013		Jul 2014		Jul 2015	
	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted		211		212		213
Area Harvested						
Bearing Trees						
Non-Bearing Trees						
Total Tree Population						
Beginning Stocks	255	255	202	202		322
Arabica Production	450	450	600	600		650
Robusta Production	350	350	550	550		600
Other Production	0	0	0	0		0
Total Production	800	800	1,150	1,150		1,250
Bean Imports	0	0	0	0		0
Roast & Ground Imports	0	0	0	0		0
Soluble Imports	0	0	0	0		0
Total Imports	0	0	0	0		0
Total Supply	1,055	1,055	1,352	1,352		1,572
Bean Exports	800	800	970	970		1,200
Rst-Grnd Exp.	0	0	0	0		0
Soluble Exports	3	3	10	10		20
Total Exports	803	803	980	980		1,220
Rst,Ground Dom. Consum	50	50	50	50		50
Soluble Dom. Cons.	0	0	0	0		0
Domestic Use	50	50	50	50		50
Ending Stocks	202	202	322	322		302
Total Distribution	1,055	1,055	1,352	1,352		1,572

1000 HA, MILLION TREES, 1000 60 KG BAGS

Sources: TCB, Global Trade Atlas – otherwise FAS/Nairobi estimates

Trade:

Japan and Italy are the leading destinations of coffee exports from Tanzania. The popularization of the “Kilimanjaro” brand in Japan drives the export growth for Arabica coffees in that country. On the other hand, the espresso culture drives the demand for the Tanzania’s Robusta coffees in Italy. Other top destinations for Tanzanian coffee include Germany, United States, and Belgium. Most of the coffee from Tanzania is used in blends in destination markets due to its lack of quality consistency. Soluble

coffee that is processed at a plant in Bukoba is marketed within, and exported to other countries in the Eastern African region.

Leading destinations for Tanzania's green coffee exports

Destination	2011/2012		2012/2013		2013/2014	
	Quantity (T)	%	Quantity (T)	%	Quantity (T)	%
Japan	11,222	25%	11,973	22%	12,119	23%
Italy	10,579	24%	10,542	19%	11,702	23%
Germany	4,221	9%	8,377	15%	6,134	12%
United States	3,905	9%	6,171	11%	5,128	10%
Belgium	4,406	10%	5,000	9%	4,414	8%
Finland	1,571	4%	1,982	4%	2,105	4%
Russia	1,185	3%	1,427	3%	2,042	4%
Sweden	705	2%	995	2%	1,374	3%
Morocco	638	1%	999	2%	1,262	2%
Canada	218	0%	495	1%	725	1%

Source: Tanzania Coffee Board (TCB)